

memorandum

DATE: October 12, 2001

TO: Director, EP Examinations
Director, EP Rulings & Agreements
Director, EP Customer Education & Outreach

FROM: Director, Employee Plans /s/ Carol D. Gold
(Tax Exempts and Government Entities Division) T:EP

SUBJECT: FY 2002 Employee Plans Work Plan

This memorandum transmits the approved FY 2002 Program Guidance for implementing the EP portion of the TE/GE Strategic and Program Plans. The work plan was developed jointly by representatives from each of your offices. I want to personally thank all of those on your staff who contributed to the development of these guidelines.

As is more fully described in Attachment I, the Plan is structured to align to the budget and program activity codes in the TE/GE Strategic and Program Plans. There are attachments for each Business Segment following this structure as well as ones for "Other Operational" items and Training. We will reassess the Plan at mid-year to determine if adjustments should be made because of the volume and timing of the GUST determination receipts.

A copy of this document will be placed on the EP Intranet website under the EP Director homepage. A copy will also be placed on the IRS Internet website at www.irs.gov/ep. An Executive Summary has been included to provide employees with a brief overview of the program priorities for Customer Education & Outreach, Rulings & Agreements and Examinations. While the work plan provides more detailed guidance than most 1st line managers and employees need, the Executive Summary should at least be shared with them.

This year, unlike FY 2001, work plans were developed for each of the Area Offices, the Washington Post of Duty (WPOD) and the three Key Processes (CE&O, Examinations and Rulings & Agreement – Ohio). However, only the national EP work plan (Form 5440) is attached.

Training should be delivered consistent with the national training plan. Advance approval is required by this office for any training that has dollar implications and was not part of the original training plan.

If you or your staff have any questions regarding this matter, you may contact me at (202) 283-2100, or, you may contact Rick Westley at (202) 283-9513.

Attachments:

cc: Area Managers
Manager, Voluntary Compliance
Manager, Technical Guidance
Manager, Determinations
Manager, Determinations Quality Assurance
Manager, Technical

FY 2002 EMPLOYEE PLANS WORK PLAN

Program Guidance

October 11, 2001

FY 2002 EP WORK PLAN PLANNING GUIDELINES

TELEPHONE CONTACTS

General Questions	Rick Westley	(202) 283-9513
	Staff Contact: Ola Josey	(202) 283-9510
Customer Education & Outreach	Mark O'Donnell	(202) 283-9532
	Staff Contact: Peter McConkey	(202) 283-9531
Rulings & Agreements	Paul Shultz	(202) 283-9663
	Staff Contact:	
	Bruce Settell	(513) 263-3608
	Joyce Kahn	(202) 283-9586
	Ken Yednock	(202) 283-9585
Examinations	Preston Butcher	(410) 962-4092
	Staff Contact: Joe Barthelmes	(410) 962-3709
Other Operational	Ola Josey	(202) 283-9510
FY 2002 Training Courses	Kim Greenbaum	(410) 962-4043
	Al Reich	(954) 423-7709
Planning Assumptions Workbook (Form 5440)	John Hayes	(323) 869-3914

FY 2002 EP WORK PLAN

PLANNING GUIDELINES

TABLE OF CONTENTS

ATTACHMENT I	EP PLANNING PROCESS
ATTACHMENT II	BAC 21 – PRE-FILING TAXPAYER ASSISTANCE & EDUCATION:
ATTACHMENT IIA	PAC 1B - TAX LAW INTERPRETATION AND PUBLISHED GUIDANCE - <i>TECHNICAL GUIDANCE</i> <i>(WITHIN RULINGS & AGREEMENTS)</i> <i>PLANNING GUIDELINES</i>
ATTACHMENT IIB	PAC 1C - TAXPAYER COMMUNICATION AND EDUCATION - <i>CUSTOMER EDUCATION &</i> <i>OUTREACH PLANNING GUIDELINES</i>
ATTACHMENT IIC	PAC 1E - RULINGS & AGREEMENTS - <i>DETERMINATIONS,</i> <i>VOLUNTARY COMPLIANCE &</i> <i>TECHNICAL ACTIVITIES</i> <i>PLANNING GUIDELINES</i>
ATTACHMENT III	BAC 37 - COMPLIANCE SERVICES: PAC 7G - TAX REPORTING COMPLIANCE FIELD EXAM <i>EXAMINATIONS PLANNING</i> <i>GUIDELINES</i>
ATTACHMENT IV	<i>OTHER OPERATIONAL PLANNING GUIDELINES</i>
ATTACHMENT V	FY 2002 TRAINING COURSES
ATTACHMENT VI	Form 5440

FY 2002 EP PLANNING

GUIDELINES

<u>TABLE OF CONTENTS</u>	Page
Executive Summary	5
Attachment I – EP Planning Process	7
Integration of Budget Planning with Work Planning	7
Document 6476	9
Activity Codes	9
Management Information Reports	10
Measures/Indicators	10
Glossary	12
Attachment IIA – PAC 1B – Tax Law Interpretation and Published Guidance EP Technical Program Guidance	13
Attachment IIB – PAC 1C – Taxpayer Communication and Education EP Customer Education & Outreach Program Guidance	14
Overview	14
Customer Education Program (Direct Contact)	15
Outreach (Indirect Contact)	17
Attachment IIC – PAC 1E – Rulings & Agreements EP Rulings & Agreements Program Guidance	22
Determination Program	22
Voluntary Correction Program (Under EPCRS)	26
Opinion Letters/Rulings	27
Attachment III – PAC 7G – Compliance Services EP Examination Program Guidance	28
Examination Program	30
Compliance Research Program	33
Examination Support Activities	37
Attachment IV – Other Operational Program Guidance	40
Attachment V – FY 2002 EP Training Courses	42
Attachment VI – Form 5440	

FY 2002 Employee Plans Work Plan

Executive Summary

The EP work plan is designed to provide program guidance to all EP employees for FY 2002. Program priorities are provided in each of the three primary program areas: Customer Education & Outreach (CE&O), Rulings & Agreements (R&A) and Examinations.

The primary organizational challenge will be our ability to timely process the increase in determination receipts due to plan sponsors amending their plans for GUST. This will require the shift of resources from examinations, the establishment of technical screening sites outside of Cincinnati and the providing of "just in time" refresher training for those agents who have not worked determination cases for an extended period.

The Customer Satisfaction ratings for the latest quarter (period ending March 2001) for both determinations (5.65 out of a possible score of 7.0) and examinations (5.69) remain at a very high level and are a positive reflection on all front-line employees and the EP organization. However, continuing efforts should be focused on addressing areas where opportunities for improvement exist.

It is also incumbent that managers at all levels of the organization use the results of Survey 2001 to address identified areas for improvement. Those issues that cannot be resolved at the local level must be elevated to the next managerial level for resolution.

The program priorities of each program area are listed below. Additional information on these priorities, as well as specific performance goals, is contained in the respective attachments.

A. Customer Education & Outreach

- 1) Complete the hiring needed to fill all positions within CE&O;
- 2) Establish partnerships with customer and stakeholder groups to better address growing customer demand for information and services;
- 3) Implement a marketing strategy to encourage the use of standardized plans;
- 4) Improve determination letter communications, application and review processes;
- 5) Define and develop methods for measuring the effectiveness of the customer education program and outreach activities; and,
- 6) Develop data management tools for compliance resolution and outreach programs.

B. Rulings & Agreements

➤ Determinations

- 1) Apply needed resources to the Volume Submitter and Master & Prototype applications so that letters can be issued on these plans by February 1, 2002;
- 2) Establish technical screening sites outside of Cincinnati to minimize any inventory backlogs that may result from the expected increase in determination receipts;
- 3) Provide “just in time” determination refresher training to those Area Office agents reassigned to assist with the determination workload;
- 4) Establish a “determination help desk” to assist agents in the Area Offices with determination questions;
- 5) Take specific actions to address areas of improvement that have been identified through both the customer satisfaction survey and TEQMS results;
- 6) Take actions to timely recruit and hire specialists consistent with the EP hiring plan; and,
- 7) Support the redesign and enhancement of the Determination Letter System (EDS).

➤ Voluntary Compliance

- 1) Complete the hiring needed to fill all Voluntary Compliance positions;
- 2) Develop national procedures for the processing of all voluntary compliance cases;
- 3) Establish the Voluntary Compliance Council; and,
- 4) Revise Revenue Procedure 2001-17 based on comments that have been secured from both internal and external stakeholders.

➤ Technical Guidance

- 1) Issue technical guidance based on the priorities identified in the annual Guidance Plan

C. Examinations

- 1) Monitor examination inventory levels to allow for a timely changeover from examination to determination inventories;
- 2) Implement the EP Team Audit program (EPTA);
- 3) Take specific actions to address areas of improvement that have been identified through both the customer satisfaction survey and TEQMS results;
- 4) Coordinate with the Office of Research & Analysis to integrate the EP Compliance Risk Assessment into examination planning;
- 5) Conduct market segment examinations under the Compliance Research Program to determine compliance levels; and,
- 6) Take actions to timely recruit and hire specialists consistent with the EP hiring plan.

ATTACHMENT I

EP Planning Process

INTEGRATION OF BUDGET PLANNING WITH WORK PLANNING

The new IRS strategic and planning process is designed to integrate resource allocation with strategic and program planning to determine the most effective use of those resources. Within Tax Exempt and Government Entities (TE/GE) Division, each segment (EP, EO, GE and CAS) will develop the following components:

- a.) Strategic and Program Plan – identifies specific trend issues and problems (TIPs) and details the strategies that will be applied to address them. The strategic and program plan summarizes the operating priorities and improvement projects for each approved TIP. In order to integrate planning with the budget process, strategic assessments are prepared two years in advance. For example, in the 2nd Quarter FY 2001, strategic assessments were developed for FY 2003. For EP the identified TIP for FY 2002 is to “Address Employee Plans Determination Workload Variations.” It summarizes the programs applicable to each operating function, briefly describing each programs current operations and future operations for the next two years. The operating priorities and improvement projects (identified in the strategic plan) are detailed where applicable under each program. The program plan identifies the resources (labor and non-labor) needed for current and future operations by each applicable program.
 - b.) Work Plan – based on the operating priorities and improvement projects outlined in the Program Plan, resources are allocated among the key EP processes for the upcoming fiscal year.
- Technical Guidance
 - Opinion Letters/Rulings
 - Voluntary Compliance
 - Determinations
 - Examinations
 - Customer Education & Outreach (CE&O)

Specific program guidance is provided for each of these areas. The resource allocation is then used to plan staff days to be applied and the number of cases that will be worked.

These three plans are linked through a structural planning and budget layout of the following codes.

- **Budget Accounting Codes (BAC)** (Pre-filing Services, Filing and Account Services, General Management, Compliance Services, Research and SOI)
 - **Program Accounting Codes (PAC)** (subcategories within each BAC)
 - **Activity Codes (AC)**
 - **Project Codes (PC)**

Of the two major BACs in which EP performs activities, only one (BAC 21) has multiple PACs under it.

BAC 21 – Pre-filing Taxpayer Assistance & Education, Under this BAC, Employee Plans has three PACs as follows:

PAC 1B – Tax Law Interpretation and Published Guidance

This PAC primarily pertains to the Washington post of duty (WPOD) in developing guidance published by the Service, providing technical assistance to Treasury on regulations and proposed legislation, to Congress on new law and to Counsel and other federal agencies. It also involves internal technical assistance.

PAC 1C – Taxpayer Communication and Education

This PAC pertains to Customer Education and Outreach (CE&O). The Education Program entails direct contact with the public through IRS participation in conferences/seminars/workshops and the delivery of speeches either individually or as part of a panel to enhance the public's awareness of pension law and the different programs the Service offers. In contrast, the Outreach Program involves indirect contact through newsletters, publications, websites and customer partnerships.

PAC 1E – Rulings & Agreements (R&A)

- *Determination Letter Program* – This includes all time devoted to processing applications in Cincinnati and the Area Offices.
- *Opinion Letters/Rulings* - This includes all of the technical and Actuarial groups in the WPOD, including the field actuaries. Activities include the issuance of opinion letters to M&P sponsors, IRAs, SEPS and SIMPLES; private letter rulings; Technical Advice cases and technical assistance.
- *Voluntary Compliance Program (VC)* – This includes all coordination activities and case work associated with the VC program enumerated in Revenue Procedure 2001-17.

NOTE: A change that occurred too late to modify the 5440 and stublines of the reports is the section identified as PAC 2C – Electronic/Correspondence Assistance. This is now part of PAC 1E and identified as Assistance. (see Attachment III)

BAC 37 – Compliance Services – the remaining EP work falls under this BAC, which is comprised of only one PAC.

PAC 7G – Tax Reporting Compliance – Field Exam

The Examination Program consists of 6 Area Offices that were designated to do examinations. However, due to the fluctuations in determination receipts and the level of experienced agents, the Area Offices also provide resources to support the determination program, CE&O activities and the VC program.

Document 6476

In an effort to reduce the length of this document, the Monitoring Codes that usually appear as an exhibit have been removed this year. Document 6476 (Yellow Book), which lists all of the monitoring codes, is no longer disseminated via a distribution list, but must be ordered through the Distribution Centers. We strongly encourage all managers to ensure that **everyone** completing a tech time report is given a copy and encouraged to familiarize themselves with the changes. This document should be in the Distribution Center by 10/1/01. Document 6476 can also be obtained from the IRS Intranet home page at:

http://www.tege.web.irs.gov/hq/systems/documents/codes/doc_6476_ep_02.pdf

This site will pull up the PDF file, which can be viewed or printed.

Activity Codes

There are several significant changes to the activity codes for FY 2002:

- CE&O (A/C 150), R&A (A/C 190) and Exam (A/C 163) all have a new Activity Code for their respective “Support Activities” called “Compliance Planning/Monitoring”, which allows each key process to plan and monitor as well as track the time spent on this activity.
- CE&O and VC both have greatly restructured their Activity Codes resulting in not only more codes, but greater detail in their definitions.
- Two new Activity Codes were added for “General NTEU Activities”, which used to be included in “Indirect Admin” and “Partnering Council.”

Although it is not new, there is still a code available to track “Case Related Management” activity, allowing managers to capture direct case related time.

Please refer to Document 6476 for detailed definitions of these as well as all other Monitoring Codes. Questions on the activity codes should be directed to Ola Josey of the Program Management staff at (202) 283-9510.

MANAGEMENT INFORMATION REPORTS (MIRs)

The technical time MIRs will follow the same structural layout as noted above. The MIRs will be sorted by the use of business segment codes and organization codes. For example, each of the eight examination areas (six Areas, Planning & Review, and Team Audit) will be sorted either by unique business segment codes (or, in the case of EPTA by unique Org Codes), but will be combined into a total US summary of all EP examinations. Some employees within Examinations and Rulings & Agreements will be providing services outside of their “default office”.

Example I:

If an examination agent is working determinations (DLs), the time spent on DLs will be accounted for under PAC 1E – Rulings and Agreements. But the time spent working exams should be accounted for under PAC 7G – Tax Reporting Compliance – Field Exam.

Example II:

If an agent/tax law specialist assigned to Rulings & Agreements performs services for CE&O (either by making a speech or mentoring someone), the time spent should be accounted for under PAC 1C (Customer Education & Outreach), even though the employee's default office is Rulings & Agreements under PAC 1E.

MEASURES/INDICATORS

Each of EP's measures/indicators directly relates to their respective BACs and PACs except Employee Satisfaction, which applies to all BACs and PACs.

BAC 21

- PAC 1B - Tax Law Interpretation
 - ❑ Guidance Documents Published
- PAC 1C - Taxpayer Communication and Education (3 of the measures have recently been established and baseline information will be gathered in FY 02)
 - ❑ CE&O Time Applied (FTEs)
 - ❑ Number of Outreach Efforts (Baseline)
 - ❑ Customers Reached – Direct (Baseline)
 - ❑ Customers Reached – Indirect (Baseline)
- PAC 1E – Rulings and Agreements is comprised of 3 Key Processes:
 - Determination Letter Program has 4 measures:
 - ❑ Customer Satisfaction
 - ❑ Cases Closed
 - ❑ Timeliness (cycle time)
 - ❑ Quality (TEQMS results)
 - Voluntary Compliance Program
 - EP Voluntary Compliance Cases Closed
 - Opinion Letter/Rulings Program
 - EP Technical Activities Closed

BAC 37

- PAC 7G (Tax Reporting Compliance – Field Exam)
 - Examination Customer Satisfaction
 - Examination Quality
 - Examination Timeliness (cycle time)
 - Examination Cases Closed
- Team Audit/CEP Examination Time Applied

Employee Satisfaction is a measure for EP, but it applies to all PACs.

GLOSSARY of TERMS

- **Resources** – The budget uses two types of resources, labor and non-labor.
 - Labor** – consists of Technical and Other.
 - **Technical** – Revenue Agents/Tax Law Specialists or anyone who completes a 6490.
 - **Other** – Support staff and anyone else in EP who does not complete a 6490.
 - Non-labor - Travel, Services and Supplies, etc**
- **Segment** – Previously known as Branches (EP, EO and GE). GE is further organized to three sub-segments (FSLG, ITG and TEB). These three plus EP and EO are referred to as **Business Units**.
- **Strategic Assessment** – A self assessment done by each Segment to identify any trends, issues or problems (TIPs).
- **Strategic and Program Plan** – The highest level of the planning system, which is developed from the strategic assessment.
- **TIPs** – Trends, issues or problems that are emerging, which should be addressed in the coming years.
- **Program Plan** – Summarizes the programs in brief descriptions and highlights high level operations while outlining projected goals.
- **Work Plan** – Planned operations are defined based on annual planning guidelines and planning assumptions.
- **BAC** – Budget Accounting Code used to link the type of Service-wide process to the budget.
- **PAC** – Program Accounting Code used to segregate like programs under one BAC.
- **Activity Codes** – Used to account for like activities.
- **Project Codes** – Further definition of compliance activities into individual projects
- **Key Processes** – The main processes under each Segment. For EP, they are: Examinations, Determinations, Opinion Letters/Rulings, Voluntary Compliance, Technical/Published Guidance and Customer Education & Outreach.

ATTACHMENT IIA

PAC 1B – Tax Law Interpretation And Published Guidance

EP Technical Program Guidance

I. TECHNICAL/PROCEDURAL GUIDANCE

Technical guidance is an integral part of an Agent's/Tax Law Specialist's tools for applying pension law and keeping abreast of the its frequent changes. The interpretation of law and development of the IRS procedures as they apply to the Determination Program or the Examination Program is the optimal way to assure consistency. The availability of timely guidance not only promotes efficiency, but it facilitates professionalism that enhances both employee satisfaction as well as customer satisfaction.

Published Guidance items facilitate taxpayers in amending and submitting pension plans within the existing GUST remedial amendment period, covering amendments required by the passage of "EGTRAA 2001", which will result in a significant number of guidance items. Guidance items include procedures, model amendments and substantive items.

The objective is to provide timely and complete technical guidance consistent with the annual Guidance Plan that is established in conjunction with Counsel and Treasury.

PERFORMANCE MEASURE

The number of guidance documents published will be used as an indicator of performance.

Employee Plans	FY2001 Plan	FY2002 Goal
Guidance Documents Published	48	48

ATTACHMENT IIB

PAC 1C – Taxpayer Communication and Education

EP Customer Education & Outreach Program Guidance

OVERVIEW

Customer Education & Outreach (CE&O) will focus on helping EP external customers understand their tax responsibilities by achieving the following objectives:

- Develop a tailored education program focused on customer sub-segments.
 - Monitor non-compliance trends to design proactive outreach products for use by customers.

Each office should fully support all opportunities for education and outreach to customers. EP's compliance activities relating to CE&O include both direct and indirect contacts with external customers. The **Customer Education Program** involves direct contact with customers through IRS participation at conferences/seminars/workshops and the delivery of speeches either individually or as part of a panel. **Outreach** involves indirect contact with customers through newsletters, publications (includes educational videos and interactive CDs), websites and customer partnerships.

CE & O will support and leverage the programs of the other two key processes (Examinations and Rulings & Agreements) through both the **Customer Education Program** and **Outreach**.

For FY 2002, CE&O will support and leverage the compliance activities of Area Office employees (see Examinations Program Guidance) on the following specific market segments where both the Compliance Planning Phase and the Case Selection/Training Phase have been completed: IRC 403(b)/457 Plans; Multiemployer Plans and IRC 401(k) Plans).

CE&O will also participate in the Compliance Planning Phase for three new Nationwide Research Samples (see Examinations Program Guidance) on Non-Filers, SEP Adopters and Third Party Administrators. As with the activities relating to the above noted Market Segments, CE&O will explore options available to support and leverage any compliance activities relating to the three new research samples.

PERFORMANCE MEASURES

The following performance indicators will be used in FY 2002 for assessing the effectiveness of CE&O programs and activities:

Employee Plans	FY2001 Plan	FY2002 Goal
Education & Outreach FTE	40	42
Number of Outreach Efforts	N/A	Baseline
Customers Reached (direct)	N/A	Baseline
Customers Reached (indirect)	N/A	Baseline
Standardized plans adopted	N/A	Under development

I. CUSTOMER EDUCATION PROGRAM (Direct Contact)

CE&O initiatives will be identified through direct contacts (***Customer Education Program***) either by initiated contacts from EP customers or from EP initiated contacts as part of proactive education to customers. These **initiatives will yield customer educational events** (such as EP Benefits Conferences and speeches/panels/workshops). In coordination with R&A and Examination, strategies will be determined for initiating direct contacts to key customers based on identified market segments to provide proactive education to those customers.

To fully support the deliverers of customer education, CE&O will coordinate and monitor the TE/GE Speaker Mentoring Pilot Program. This pilot program includes a mentors portion and speakers portion. The program will match a mentor to each speaker wanting to improve his or her presentation skills. The mentors will work with their designated speakers in a non-evaluative manner by providing feedback and suggestions for improving the quality of the speakers' presentation skills. Efforts will be undertaken to establish the EP Customer Education Cadre. This cadre will include two specific sub-cadres: EP Speakers Cadre and EP Outreach Cadre.

In FY 1999, EP initiated a pro-active customer education initiative relating to IRC 403(b) Plans. This initiative is called ***Partnership for Compliance***, which is designed to create a partnership between the IRS and its customers in order to increase understanding and compliance with the tax law applicable to section 403(b) tax-sheltered annuities.

Partnership for Compliance for IRC 403(b) Plans is one part of a triad of compliance activities, which includes the examination program, voluntary correction programs, and customer education & outreach. This triad forms the ***EP Compliance Model***. This model addresses and encourages voluntary compliance with all applicable tax laws relating to employee benefits plans.

Under ***Partnership for Compliance*** for IRC 403(b) Plans, trained and experienced IRS employees (***deliverers***) will be made available to provide educational services relating to section 403(b) tax-sheltered annuity arrangements. Such services include delivering speeches, participating in panel discussions, conducting training sessions and helping prepare newsletter articles. Organizations/taxpayers interested may request educational services. Customers may obtain details on ***Partnership for Compliance*** via the IRS Internet Site at the following address:

http://www.irs.gov/prod/bus_info/ep/outreach.html

The Area Offices and Rulings & Agreements have designated IRC 403(b) Educational Coordinators to handle technical aspects of **Partnership for Compliance** for IRC 403(b) Plans.

In FY 2002, EP will be expanding **Partnership for Compliance** to include IRC 457 Plans, Multiemployer Plans and IRC 401(k) Plans. As needed, additional educational coordinators will be named. Various outreach products to pro-actively communicate to external customers the **EP Compliance Model** will be used. For example, the Employee Plans Corner on the IRS Internet Site will be used to communicate the various compliance programs applicable under the **EP Compliance Model** and how customers may request educational services, obtain educational products, obtain voluntary compliance services or learn about issues/trends observed from ongoing/completed examinations.

EP Benefits Conferences – Relates to benefits conferences that are either sponsored or co-sponsored by the IRS. These conferences include the following:

- Great Lakes Benefits Conferences
- Employee Benefits Conference (Mid-Atlantic & Gulf Coast Areas)
- Cincinnati Employee Benefits Conference
- Northeast Benefits Conference
- Los Angeles Benefits Conference
- SWBA/IRS Employee Benefits Conference

Planning/coordination includes all activities involved in planning and coordinating each EP Benefits Conference. Preparation includes all activities involving deliverers (i.e., speakers, panelists, exhibit booth participants, conference workers) occurring before the actual conference. Delivery includes the activities of deliverers necessary to travel to/from and to attend the conference.

EP participants at benefits conferences who are not deliverers will not charge technical time to EP Benefits Conferences but should use Activity Code 685 (EP Benefits Conferences Participation under Training).

Speeches/Panels/Workshops – Relates to IRS employees who are involved in Speeches/Panels/Workshops. Involvement includes planning/coordination, preparation, delivery or participation. For customer education relating to IRC 403(b)/457 Plans, Multiemployer Plans, and IRC 401(k) Plans, there are separate technical time activity codes to identify customer education to each of these market segments (as part of EP's overall efforts to increase compliance in these segments).

Planning/coordination includes all activities involved in planning and coordinating each speech/panel/workshop. Preparation includes all activities involving deliverers (i.e., speakers, panelists, exhibit booth participants, workshop participants) occurring before the actual conference. Delivery is applicable for only employees that actually deliver customer education and includes the activities necessary to travel to/from and to attend the actual speech/panel/ workshops. Participation is applicable for all other employees who are not directly delivering but support the **Customer Education Program** and includes the activities necessary to travel to/from and to attend the actual speech/panel/workshop. Participating employees who attend speeches, panels and/or workshops must support customer education by networking at the customer educational events and/or assisting the IRS employee(s) delivering speeches, panel discussions or workshops.

IRC 403(b) Plans/IRC 457 Plans Sponsors – Relates to all direct contact with the external customers where the subject is primarily or exclusively IRC 403(b) Annuities and/or IRC 457 Plans. The above noted educational outreach, where applicable, will involve coordination with Exempt Organizations and Government Entities.

Multiemployer Plans – Relates to all direct contact with external customers where the subject is primarily or exclusively Multiemployer Plans.

IRC 401(k) Plans – Relates to all direct contact with external customers where the subject is primarily or exclusively IRC 401(k) Plans.

Speaker Mentoring – Includes activities of Mentors, Speakers and EP CE & O Analysts involved in the TE/GE Speaker Mentoring Pilot Program.

II. OUTREACH (Indirect Contact)

CE & O will centrally coordinate outreach activities to foster customer partnerships, increase customer education and leverage existing resources to develop and deliver outreach products. For instance, CE & O will outreach to customers by indirect contacts through its outreach products such as *Employee Plans News*, educational videos, educational diskettes/CD-ROMs, and publications. The available products will be offered to customers through various outreach options (for example, IRS Internet website or customer partnerships).

Employee Plans News – CE&O will issue 4 editions (Fall, Winter, Spring and Summer) plus periodic special editions.

Forms/Publications – CE&O will maintain existing forms and publications. Efforts will be undertaken to assess external customers' needs on any necessary changes to existing forms/publications plus consideration of new publications.

Intranet/Internet - The CE&O Staff will maintain and ensure through an **Internet/Intranet Team** that:

- Employee Plans Corner (Internet) meets customer needs for educational information/resources that are timely and accurately available
- EP Intranet (for IRS employees only) meets employee satisfaction for timely and complete information. CE&O will coordinate content for the EP Intranet with each office responsible for their applicable information on the EP Intranet.

CE&O will develop priorities in posting content to both the Intranet and Internet. These priorities will include category from critical to low.

Additionally, a concerted effort will be coordinated by CE&O to ensure that content is posted and maintained on the EP Intranet so that all employees have access to all available information necessary for them to perform their applicable duties. For instance, all issued memorandums and procedures are posted to the Intranet for access by employees.

The Internet/Intranet Team will include a primary senior CE&O Analyst plus each area CE&O Area Analyst as a coordinator on the team for each respective area office plus analysts for Programs & Review and Rulings & Agreements. This team will coordinate the development and posting of Internet/Intranet content.

Customer Partnerships - involves developing partnership with government agencies, practitioner/stakeholders groups (e.g., ABA, ASPA, AICPA, etc.) and advisory councils of practitioners who provide input to EP. In FY 2002, the EP CE & O Staff will establish a Customer Partnership Team with a primary senior EP CE & O Analyst plus each area EP CE & O Area Analyst as a coordinator on the team for each respective area office plus analysts for Programs & Review and Rulings & Agreements. This team will coordinate national customer partnerships. Individual area analysts will work locally in each respective area on customer partnership efforts through applicable customer partnership groups. Also, this team will nationally coordinate EP Benefits Conferences and articles for each edition of the *Employee Plans News*.

Products Development - Projects will be undertaken to develop outreach products based on:

- As priority, supporting EP compliance activities to increase compliance among specific market segments (such as IRC 403(b)/457 Plans, Multiemployer Plans, and IRC 401(k) Plans). Also, explore options for outreach products relating to three new EP Nationwide Research Samples on Non-Filers, SEP Adopters and Third Party Administrators.
- Through CE&O monitoring of non-compliance trends (based on input from both internal and external sources).

Resources for developing outreach products will be provided by all key EP processes plus from other TE/GE offices where there are relationships to EP customers such as EO and GE.

For FY 2002, Outreach Products will include the following:

Description
IRC 403(b)/457 Educational Outreach Interactive CD-ROM – Delayed until 2 nd Quarter FY 2002
IRC 403(b)/457 Educational Outreach Diskette (Updated for EGTRRA) (Publication 3737) – To be issued in October 2001
EPCRS Educational Outreach Video – Development phase will begin in FY 2001
EPCRS Educational Outreach Interactive CD-ROM – Development phase will begin in FY 2001

The marketing plan for the **IRC 403(b)/457 Educational Outreach Video** will be implemented fully in FY 2002.

CE&O will support several TE/GE Major Strategies during FY 2002:

Meet Customer Needs

The following operating priorities will address this strategy:

- *Establish partnerships with customer and stakeholder groups to better address growing customer demand for information and services.* Partnerships will be fostered and leveraged to support information gathering on customer needs, the dissemination of education and outreach materials, and evaluation of outreach effectiveness. Data on customer needs will be collected along with internal data to prioritize the information and services required. Identification of external stakeholder groups will be completed, and the groups will be prioritized based on the potential for partnering opportunities and the potential impact of partnering efforts.
- CE&O will also continue the following two FY 2001 operating priorities to support Rulings & Agreements in managing the significant increase in determination receipts:
 - *Implement a marketing strategy to encourage the use of standardized plans.* Because standardized plans can be processed more quickly, EP will partner with stakeholders to promote their use, rendering the peak workload more manageable. Joint outreach efforts with SB/SE to encourage small businesses to use standardized plans will continue. TE/GE will use feedback from stakeholders who prepare determination letter applications and market standardized plans to better understand and remove obstacles that inhibit adoption of standardized plans and to develop more effective marketing strategies.
 - *Improve determination letter communications, application and review processes.* CE&O will deliver tools and outreach to the practitioner community to improve the quality and completeness of determination applications. EP Customer Education and Outreach, in conjunction with the Cincinnati office, will help customers perfect their determination letter applications by placing checklists and up-to-date information on the EP web page. Cincinnati personnel have also increased their outreach efforts with TE/GE Area Offices to enhance consistency in the processing of the determination applications. Specific actions will include newsletter articles on determination tips in the *Employee Plans News*, special editions of the *Employee Plans News* and content posted to the Employee Plans Corner (Internet).

Improve Organizational Performance

The following operating priority will address this strategy:

- *Define and develop methods for measuring the effectiveness of the customer education program and outreach activities.* Balanced measures and indicators will be developed to evaluate the effectiveness of customer education programs and outreach activities. These measures and indicators will need to provide meaningful information on the wide variety programs TE/GE employs to educate and inform a diverse customer base. Performance data will help TE/GE deliver education and outreach programs that provide the most value to customers.

Improve Knowledge and Information Management

The following operating priority will address this strategy:

- *Develop data management tools for compliance resolution and outreach programs.*
For education and outreach programs across EP, EO and GE, this project will provide reliable nationwide information to plan and track outreach events, facilitate relationship building and coordination with external stakeholders, and serve as a knowledge base for issues and resources. In the short-term, EP CE & O will utilize the EP Customer Education Database and other databases/tools as follows:

CE & O Activities	Short-term Tools
EP Customer Education Program	
○ Benefits Conferences	Stand-Alone Database
○ Speeches/Panels/Workshops	EP Customer Education Database
○ Speaker Mentoring	EP Customer Education Database
EP Outreach	
○ Employee Plans News	Stand-Alone Database
○ Forms/Publications	Stand-Alone Database
○ Intranet/Internet	Stand-Alone Database
○ Customer Partnership	Stand-Alone Database
○ Products Development	Stand-Alone Database
EP CE & O Support Activities	Stand-Alone Database & MS Outlook
○ Promotional Items, Personnel, Supplies, Equipments, Program Travel Budget, Monitoring, Training, etc)	

ATTACHMENT IIC

PAC 1E – Rulings & Agreements

EP Rulings & Agreements Program Guidance

Rulings & Agreements will focus on ensuring compliance by offering up-front compliance programs achieving the following objectives:

- Issue timely and accurate determination and Volume Submitter advisory letters to applicants.
- Provide easily accessible and equitable voluntary compliance programs.
- Issue timely and accurate: 1) opinion letters to sponsors of Master & Prototype plans; 2) private letter and actuarial rulings; and, 3) other technical/procedural guidance.

I. DETERMINATION PROGRAM

A. General Information

- Revenue Procedure 2000-27 opened the EP Determination Program for “GUST”. This Rev. Proc. also extended the remedial amendment period until the last day of the plan year beginning on or after January 1, 2001.
- Notice 2001-42, issued on June 28, 2001, provides that the GUST remedial amendment period will not be extended for individually designed plans. However, a separate and later remedial amendment period is being provided for the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).
- As a result, the vast majority of individually designed plans will submit determination applications on or before 12/31/01.
- Notice 2001-56 provides guidance on the effective dates of certain EGTRRA provisions.
- Notice 2001-57 provides sample EGTRRA plan amendments.

B. Volume Submitter Applications

The receipt of 1100 Volume Submitter applications will have a continuing impact on resources that need to be applied to the determination program. Although approximately 400 of these cases will be closed in FY 2001, and many others have had significant time applied, the completion of the balance of these cases is the highest priority in the determination program. **All efforts should be applied to closing these cases by February 1, 2002.**

C. Training

Determination refresher training for Area Office employees started in the last quarter of FY 2001 and will continue through the first quarter of FY 2002. Area Office training requirements should be coordinated directly with Cincinnati.

Approximately 45 revenue agents/tax law specialists have been hired and are being trained during Aug/Oct. to assist with the determination workload. Cases that would normally be merit closed will be made available for these agents during the OJI period of their training.

D. Technical Screening

Additional Technical Screening Centers will be established in the Area Offices to assist with the screening function. Cincinnati personnel will serve as initial instructors as well as make periodic visitations for consistency and quality control. All efforts should be made to minimize technical screening backlogs so that cases that do not require assignment to a group can be closed as timely as possible.

E. Planning Assumptions

The following assumptions were used in planning the time applied to the determination program in FY 2002:

- An estimated 145,000 determination receipts are expected. More than half of the receipts will consist of individually designed plans. Adopters of pre-approved plans have until one year after the lead plan is approved to apply for a determination letter. Most of these adopters will submit applications in the second half of FY 2002 and in FY 2003.
- Volume submitter applications will receive the highest priority and all efforts should be applied to closing these cases by February 1, 2002.
- The 2nd level review of Volume Submitter applications will primarily be conducted by Cincinnati, with support from the Area Offices.
- Additional technical screening resources will be applied to keep this operation as timely as possible.
- Due to the anticipated volume of receipts, a high level of coordination between Cincinnati and the Area Offices is crucial to ensure overall quality is maintained.
- Based on the type of receipts expected, as well as an increase in Determinations Quality Assurance staffing, an increase in determination time of grade 12 and 13 agents is expected.
- The number of new exam starts will be limited until the impact of the individually designed plan inventory is determined.

F. Goals and Objectives

❑ **Business results (quality)**

- ◆ **Timeliness (cycle time)** - The computation of cycle time will be based on a 12 month "rolling average." **While various cycle time/timeliness objectives have been established, it should be emphasized to all managers and employees that cases should not be closed prematurely simply to adhere to a cycle time objective.**
- *Merit closures* (applicable to Ohio and the Area Office screening sites only) - the objective is 75 days from the control date to the closing of the application (EDS table 6b.) The 12 month rolling average national baseline (as of 8/01) is 87 days;

- *Disposal code 00* (applicable to Ohio and the Area Office screening sites only) - the objective is 100 days from the control date to the closing of the application (EDS table to be determined.) There is no baseline for this new designation of cases closed with *customer contact by technical screeners*.
- *Cases worked at the group level (status 75 or 52 to closing)* - this includes all non-merit closures (disposal codes 01 and 02), excluding those applications which were transferred to other Area Offices (EDS table 9). The national objective is 125 days and the 12 month rolling average national baseline (as of 8/01) is 138 days.
- *All Cases* - the national objective for all cases closed (merit and status 75 or 52 to closing cases worked at the group level) with a determination letter issued is 155 days (EDS table 8e). The 12 month rolling average baseline (as of 8/01) is 157 days.

Individual Area Office goals will be established by the Director Examination in conjunction with the Area Managers.

- ♦ **Determination Quality** – this score is determined by the results of the TEQMS review process. The FY 2002 goal is 83%.

□ **Business Results (quantity)**

Determination cases closed will be used as a performance indicator. Because of the uncertainty as to the volume and timing of the workload, determination receipts will also be used to evaluate this measure.

□ **Customer Satisfaction**

A rating of 5.7 is the goal for FY 02. Individual Area Office objectives will be established by the Director, Examination. The Customer Satisfaction rating for the latest quarter (period ending March 2001) for determinations was 5.65 out of a possible score of 7.0. Continuing efforts should be focused on addressing areas where opportunities for improvement exist.

The following is a summary of the determination performance indicators that will be used in FY 2002 for assessing the effectiveness of determination programs and activities:

Employee Plans	FY2001 8/01 Actual	FY2002 Goal
Timeliness (merit closures)	87	75
Timeliness (disposal code 00)	N/A	100
Timeliness (cases worked at group level)	138	125
Timeliness (all cases)	157	155
Determination quality (6/01 actual)	83%	83%
Determination cases closed	23,119	106,000
Customer Satisfaction (3/01 actual)	5.65	5.7

II. VOLUNTARY CORRECTION PROGRAM (UNDER EPCRS)

The Employee Plans Compliance Resolution System (EPCRS) provides a comprehensive system of correction programs that permit plan/annuity sponsors to correct failures in IRC 401(a)/403(a) and 403(b) plans, thereby enabling them to provide plan participants with retirement benefits on a tax-favored basis. EPCRS has three components:

- *The Self-Correction (SCP)*,
- *Voluntary Correction Program (VCP)*: Cases submitted under the VCP are handled in R&A; and,
- *Audit Closing Agreement Program (Audit CAP)*: these cases are handled in Examination

The VCP includes separate procedures:

- 1) VCP General Procedures,
- 2) Voluntary correction for Operational Failures (VCO),
- 3) VCO Standardized (VCS),
- 4) Voluntary Correction of Tax-Sheltered Annuities (VCT),
- 5) Voluntary Correction of Group Failures (VC Group),
- 6) Voluntary Correction of SEP Failures (VCSEP) and
- 7) The Anonymous Submission procedures.

EP has reorganized to form a separate function devoted to administering its voluntary correction programs. Staffing of Voluntary Compliance will be completed during FY 2002. During FY 2002, Voluntary Compliance will focus on the following activities:

- Producing a transition kit for managers and employees
- Training new Voluntary Compliance employees
- Updating Rev. Proc. 2001-17
- Establishment of a Compliance Council to ensure consistency between Audit CAP and Voluntary Compliance cases
- Revising uniform national case processing procedures
- Creating case grading criteria for Voluntary Compliance cases and
- Creating TEQMS standards for Voluntary Compliance case

For these programs, coordination time should be planned separately from case time. The public may obtain details on EPCRS via the IRS Internet site at the following address:

www.irs.gov/ep.

PERFORMANCE MEASURE

The number of voluntary compliance cases closed will be used as an indicator of performance.

Employee Plans	FY2001 8/01 Actual	FY2002 Goal
Voluntary Compliance cases closed	981	1000

III. OPINION LETTERS/RULINGS

Employee Plans Technical is responsible for issuing opinion letters on various types of Master and Prototype Plans; issuing private letter rulings; issuing general information letters; assisting agents in all areas by issuing technical advice on determination/examination cases; and, providing technical quality assurance.

Employee Plans Technical provides actuarial support inside and outside the Service in various capacities. Each Area Office has access to at least one actuary to provide technical guidance on difficult examination and determination issues.

Specific areas of focus in FY 2002 are:

- a) M&P Program - Employee Plans Technical is processing the opinion letter requests of sponsors of Master and Prototype Plans submitted under Revenue Procedure 2000-27. The Revenue Procedure required all Master and Prototype plans to be amended/restated to reflect numerous changes in the law referred to collectively as GUST.

Master & Prototype applications will receive the highest priority of all cases in Technical and all efforts should be applied to closing these cases by February 1, 2002. Priority in processing should be given to the plans of mass submitters and national sponsoring organizations.

- b) Private Letter Rulings – action on many of these cases has been delayed due to the necessity to timely process the M&P workload. As M&P inventory is closed focus should be directed to working these cases. Priority should be given to those with the oldest control dates.

Employee Plans	FY2001 8/01 Actual	FY2002 Goal
Technical Activities closed	2592	3400

- c) Non Bank Trustees - *Area Offices* should plan on using activity code 159 to conduct at least one Non-Bank Trustee investigation per quarter during FY 2002 in accordance with IRM 7.6.1. Selections will be based on the approved list of Non-Bank Trustees as provided by the Director, EP Rulings and Agreements.

ATTACHMENT III

BAC 37 – Compliance Services

PAC 7G – Tax Reporting Compliance

EP Examinations Program Guidance

Examinations will focus on identifying and correcting non-compliance through the following strategic goals:

- conducting focused, efficient examinations.
 - resolving issues at the lowest possible level using appropriate resolution mechanisms.
 - Ensuring consistency and fairness in application of law.
 - Maintaining a high level of Examination Customer Satisfaction.
 - Coordinating with other TEGE functions to identify emerging areas of non-compliance.
 - Improving the quality of EP Examinations.

Specific Goals and Objectives

❑ **Business results (quality)**

- ◆ Timeliness (cycle time) - The computation of cycle time will be based on a 12 month “rolling average.” The national objective for FY 2002 is 210 days. This time is measured from placement in AIMS status code 12 (assigned – taxpayer contacted) to closing (status code 90). Individual Area Office objectives will be established by the Director, Examination.

While various cycle time/timeliness objectives have been established, it should be emphasized to all managers and employees that cases should not be closed prematurely simply to adhere to a cycle time objective.

The cycle time objective excludes all LMSB Large Case Support returns, all EP Team Audit returns, all non-research sample Multi-employer returns, Technical Advice and Appeals cases. Status code 55 has been designated for use to identify cases that have previously been suspended for technical advice or have been to Appeals and returned to EP for closing. Project codes will be used to identify LMSB Large Case Support, EP Team Audit returns, and non-research sample multi-employer plans. EP AIMS Table 61 will be used to monitor cycle time accomplishments.

- ◆ Examination Quality – this score is determined by the results of the TEQMS review process. The FY 2002 goal is 80%. Individual Area Office objectives will be established by the Director, Examination. Actions will also be undertaken to develop and successfully execute an action plan to improve three examination audit standards: Examination Techniques; workpapers and reports; and timeliness. TEQMS results will be published quarterly in monitoring reports from the TEQMS Review Staff.

❑ **Business Results (quantity)**

Examination cases closed will be used as a performance indicator. The number of cases closed will be affected by the volume and timing of the determination receipts. For FY 2002, monitoring/measures based on the number of examined units will also be applicable to all direct examinations categories. EP AIMS Table 20 will be used to monitor this measure.

❑ **Customer Satisfaction**

An overall rating of 5.7 is the goal for FY 02. Individual Area Office objectives will be established by the Director, Examination. The Customer Satisfaction rating for the latest quarter (period ending March 2001) for examinations was 5.69 out of a possible score of 7.0. Actions should be initiated to address those areas where opportunities for improvement exist.

The following is a summary of the examination performance indicators that will be used in FY 2002 for assessing the effectiveness of examination programs and activities:

Employee Plans	FY2001 8/01 Actual	FY2002 Goal
Timeliness (cycle time)	190	210
Examination quality (6/01 actual)	72%	80%
Examination cases closed	9806	5800
Customer Satisfaction (3/01 actual)	5.69	5.7

Examination Initiatives

1. Fully conduct examinations relating to new Casework (CEP Support, EP Team Audit Program, Referrals, Claims, Reversions, and Determination Conversions).
2. Fully conduct non-exam examination and activity relating to new pension underfunding cases.
3. For Multi-employer Plans, IRC 403(b)/457 Plans and IRC 401(k) Plans, fully conduct new examinations relating to these three EP Market Segments (except for new examination cases identified under Casework, such as from a referral) through the enhanced EP Market Segmentation Compliance Approach under the Compliance Research Program. This approach will be utilized to document baseline data and to make an assessment of the impact of EP's compliance activities on these three market segments. This enhanced approach includes four distinct phases: Compliance Planning Phase, Case Selections/Training Phase, Project Examination Phase, and Assessment Phase.
4. Complete/continue examinations on all cases in process that were started during previous fiscal years.
5. Refine the EP compliance stratification by identifying, through the process of risk assessment, those areas with highest levels of non-compliance; then in collaboration with other TEGE functions such as Research and Analysis, develop appropriate strategies to improve non-compliance in these areas.

EP Examination will shift resources to support and leverage the programs of Rulings and Agreements and Customer Education and Outreach. Examination agents will be trained for, and will be assigned these tasks.

I. EXAMINATION

PROGRAM

The EP Examination Program focuses on a wide diversity of compliance activities relating to direct examinations of both return and non-return units (plans with no Form 5500 Series filing requirements). The program also includes examination support activities, Examination Case Review and Closing Agreement Coordination.

DIRECT EXAMINATIONS

1. CASEWORK

Each Examination Area Office will examine the following types of casework (which arises from known non-compliance activities).

a) **CEP Support**

Compliance Activity: Specific resources will be dedicated to LMSB Large Case Support based on historical experience. These resources will be devoted exclusively on a continuing basis (rather than adjusted by EP Determinations workload variations).

b) **EP Team Audit Case**

Compliance Activity: Specific resources (3 pilot groups) will be dedicated to EP Team Audit Cases during FY 2002. These resources will be devoted exclusively on a continuing basis (rather than adjusted by EP Determinations workload variations.)

c) **Referrals**

Compliance Activity: The Classification unit will take appropriate action to ensure that internal and third-party referrals (or indicators of specific non-compliance behavior) are **properly and timely classified** in accordance with IRM 7.5.1, Classification and Selection of Returns, Claims, and Information Items. Those referrals requiring examination by an agent will be transferred to the appropriate Area office for assignment.

For monitoring and follow-up activities, the Classification unit will use RICS as a record-keeping system for all "incoming referrals".

d) **Claims**

Compliance Activity: The work plan will ensure time to conduct examinations on appropriate claim cases, based on historical experience.

e) **Reversions**

Compliance Activity: The work plan will ensure time to conduct examinations on appropriate reversion cases, based on historical experience.

f) **Determination Conversions**

Compliance Activity: The work plan will ensure time to conduct examinations, which are based on conversions from determination cases, based on historical experience.

2. NATIONWIDE EXAMINATION INITIATIVES

Each Area Office will examine the following types of examinations.

a. Multi-Employer Plans

Each Area should plan only enough time to finish working those cases already assigned to specialists, under project code 101. All new work with Multi-Employer plans should be worked out of the research plan, in project codes 208 – 212.

b. Pension Underfunding

- 1) **Reported Funding Deficiencies** - review monthly the Funding Deficiency data (generated from RICS using the applicable standard query language and report format) to identify all reported funding deficiencies. **All RICS identified returns (with a funding deficiency in the applicable year) must be documented on RICS for all classification actions. All decisions for non-examination must be fully documented. In all instances, verification of the payment of applicable excise taxes and/or the correction of deficiencies must be performed.**
- 2) **Issued Waivers** – The work plan will ensure time to identify plans with verified waivers and classify to determine if an examination is warranted.

3. SAMPLE RESULT CASES/CONVERTED NON-EXAMINATION CASES

Compliance Activity: No new Sample/Converted examinations are anticipated to be started during FY 2002. However, depending on the volume and timing of the determination workload in FY 2002, each Area Office may be requested to conduct a limited number of examinations relating to Sample Result Cases/Converted Non-Examination Cases.

- (a) **Sample Result Cases** are based on sample tested RICS condition codes. Any tested EP RICS condition codes may be used for selecting returns to the extent necessary to meet resource needs. A recommendation for designating a condition code as tested is based on determining, through research samples analysis, that there is a significant level of non-compliance identified by using the condition code in a statistical sample. No further testing is required except at a later date when the criterion should be studied again to determine if the noncompliance level has declined.
- (b) **Converted Non-Examination Cases** to Examination where through non-examination activities (i.e., either review of a response or a lack of response to a compliance check letter to a taxpayer) a decision is made to convert the case to an examination. These cases may arise from the EP Profiling Project, Pension Underfunding, EP Returns Comparison Project or the Verification Project.

4. LOCAL CLASSIFIED ISSUES

Compliance Activity: Few new Local Classified Issue examinations are anticipated to be started during FY 2002. However, depending on the volume and timing of determination receipts, each Area Office may subsequently be asked to conduct more examinations relating to Local Classified Issues, in order to meet staffing needs. Local Classified Issues are based on using RICS to identify potential issues

of non-compliance (but where the population may be too small to warrant a Local/Multi-Area Research Sample). Selection criteria for these cases include factors in addition to geographic location and/or case grades.

5. GENERAL CASES

Compliance Activity: Each Area Office may conduct examinations relating to General Cases based on instances where it may be necessary to balance return assignments to examiners for efficient use of travel dollars. Selection criteria for these cases focus on geographic location and/or case grades. **Overall time for General Cases should not exceed 10% of Total Direct Examination time (from both the Examination and Compliance Research Programs).**

6. TRAINING CASES

Compliance Activity: Time will be planned for Training Cases, if necessary, based on the 25 new Area Office hires. This will depend on the volume and timing of determination applications during the fiscal year, and the availability of time for the new hires to do examination work. Time is planned to continue work on training cases started during FY 01.

II. COMPLIANCE RESEARCH PROGRAM

The Compliance Research Program consists of compliance activities relating to Direct Examinations and Research Activities. Direct Examinations reflect the following sample categories of Research Sample Cases (return and non-return units):

- a) **Continuing Nationwide Research Samples**
- b) **New Nationwide Research Samples (FY 2002)**
- c) **Local/Multi-Area Research Samples**

All new compliance research samples/projects will utilize a market segmentation compliance approach. This approach will be utilized to document compliance baseline data (from prior completed examinations) and to make an assessment (via a new Compliance Research Project) of the impact of EP's compliance activities on these three market segments. This approach includes the following four distinct phases: Compliance Planning Phase, Case Selections/Training Phase, Project Examination Phase, and Assessment Phase.

1. Compliance Planning Phase –

This phase will involve the following planning activities:

- a) Brainstorm compliance strategies for conducting a Compliance Research Project on each market segment. These strategies include developing sampling methodology, defining a mechanism for determining the impact of compliance activities and capturing results data for assessing future compliance activities.
- b) Document baseline data on quantitative results (i.e., non-compliance issues/trends) from prior completed examinations.

- c) Develop training materials and prepare a training program for applicable examiners (assigned project cases). Includes development of auditing techniques/tips and automated workpapers tools.
- d) Coordinate with TE/GE Research & Analysis on conducting the projects.

Members of the compliance planning group applicable to each of these market segments will complete these activities.

2. Case Selections/Training Phase –

This phase will involve the sample selection and training of applicable examiners (assigned sample cases).

3. Project Examination Phase –

This phase will involve full scope examination of the selected project cases and the capturing of closing results data (from the examiners' workpapers).

4. Assessment Phase –

This phase will make an assessment based on documented baseline data and results of the project cases to determine the following:

- a) impact of EP's compliance activities on the applicable market segment;
- b) define in quantifiable terms overall compliance and applicable issues/trends; and
- c) direction future compliance activities (i.e., quantity and scope of future examinations).

For each segment, a project coordinator will monitor and oversee the completion of the four phases. Furthermore, Examination Planning and Programs will handle project facilitation during the phases.

DIRECT EXAMINATIONS

a) Continuing Nationwide Research Samples

1) Previous Fiscal Year Nationwide Samples

Compliance Activity:

Each office should complete activities related to the following in-process Nationwide Samples:

- **EP Market Segment 5.1.3 - Ongoing Profit Sharing Plans**
- **EP Market Segment 5.4.3 - Ongoing Money Purchase Pension Plans**
- **EP Market Segment 4.3 - Ongoing Defined Benefit Plans**
- **EP Market Segments 3.6/5.5/6 - Other Plans**
- **IRC 403(b)/457 Plans**
- **Multi-employer Plans**
- **IRC 401(k) Plans**

i.) IRC 403(b) Tax-Sheltered Annuities and IRC 457 Plans

Compliance Activity:

Each area office should complete in-process examinations of non-research sample related IRC 403(b) Tax-Sheltered Annuities arrangements.

All EP examinations of IRC 403(b) annuities and IRC 457 Plans must be coordinated with any applicable examination activities conducted by Exempt Organizations or Government Entities.

Proper and timely correction of all identified plan defects is our primary objective in examining these entities.

To continue nationwide support for compliance activities relating to these plans, the following are applicable:

- ❑ The **IRC 403(b)/457 Workshop (Course 4274)** will be conducted during the third Quarter of FY 2002. The workshop provides an excellent opportunity to share examination experiences to promote consistent treatment of taxpayers under examination plus discuss educational outreach and correction programs experiences. Feedback on examination cases will be provided on identified issues, the manner of resolving such issues and any other relevant examination experiences.
- ❑ An **IRC 403(b)/457 Compliance Planning Group** will work on various national assignments (See Exam Support Activities for further details).

ii.) Multi-Employer Plans

Compliance Activity:

Each area office should complete examinations of multi-employer plans started during prior years. Additionally, each office should put into process all planned new starts during the year, under the existing project codes.

All open Multiemployer returns must be converted to Project Code 216 (instead of the Project Codes 208-212 used in 2001). New returns started during FY 2002 should be assigned under Project Code 216.

To continue nationwide support for compliance activities relating to Multi-employer Plans, the following are applicable:

- ❑ The **Multi-employer Plans Workshop (Course 4209)** will be conducted during the fourth Quarter of FY 2002. The workshop provides an excellent opportunity to share examination experiences to promote consistent treatment of taxpayers under examination plus discuss educational outreach and correction programs experiences. Feedback on examination cases will be provided on identified issues, the manner of resolving such issues and any other relevant examination experiences.

- ❑ The **Multi-employer**
Plans Compliance

Planning Group was established to work on various national assignments (See Exam Support Activities for further details).

iii.) **IRC 401(k) Plans**

Compliance Activity:

Each area office should complete examinations of 401(k) plans started during prior years. Additionally, each office should put into process all planned new starts during the year, under the existing Project Codes.

Two new controlled 401(k) samples are planned for FY 2002. These returns should be started during this year. Time spent should be charged to Project Codes 452 and 453.

To continue nationwide support for compliance activities relating to 401(k) Plans, the following are applicable:

- ❑ The **401(k) Plans Workshop** is planned for the 1st quarter of FY 2002. The workshop provides an excellent opportunity to share examination experiences to promote consistent treatment of taxpayers under examination plus discuss educational outreach and correction programs experiences. Feedback on examination cases will be provided on identified issues, the manner of resolving such issues and any other relevant examination experiences.
- ❑ The **401(k) Plans Compliance Planning Group** was established to work on various national assignments (See Exam Support Activities for further details).

b) **New EP Nationwide Research Samples (FY 2002)**

Exam Planning and Programs will begin the Compliance Planning Phase for three new Research Samples during FY 2002:

- **Non-Filers**
- **SEP Adopters**
- **Third Party Administrators**

However, because of the expected volume of determination work during FY 2002, and the need for examination agents to help process the applications, these cases will not be assigned to the Area Offices until FY 2003.

c) **EP Local/Multi-Area Research Samples**

Each area office should complete examinations of EP Local/Multi-Area Research Samples started in prior years.

III. EXAMINATION SUPPORT ACTIVITIES

OTHER EXAMINATION SUPPORT

Use the following project codes to further define time applied to Classification (Activity Code 313):

- (a) Reported Funding Deficiencies - Project Code 700
- (b) Issued Waivers - Project Code 701
- (c) Reversions - Project Code 702

VEBA/IRC 125 SUPPORT

Use Activity Code 357 for time applied to VEBA support or IRC 125, Cafeteria Plans support. **Since EP does not have jurisdictional responsibility for IRC 125 plans, exam activity should be limited to a support role.**

EXAMINATION CASE REVIEW

Use Activity Code 315 for time applied to Examination Case Review.

CLOSING AGREEMENT COORDINATOR

Use Activity Code 320 for time applied to closing agreement coordination relating to Audit CAP.

WORKCENTER COORDINATION

Workcenter coordination activities involves the time applied in support of the following automation activities, including time spent in support of Report Generation Software (RGS) development. Personnel assigned or detailed to the Dallas Development Site in support of RGS development and related testing activities should charge time to this activity code.

- **NTEU EP/EO RGS Users Group**
- **Automation Support Staff** – Individuals assigned to support RGS and automation activities in each office should charge time to Workcenter Coordination. This includes any activity related to laptop support.
- **Automation Task Group** – Individuals assigned to task groups to support RGS automation activities should charge time to Workcenter Coordination.
- **System 5500 Coordinators** – Time spent in support of System 5500 should be charged to Workcenter Coordination.
- **CEP Workcenter** – Time spent in support of the CEP Workcenter development should be charged to Workcenter Coordination.

Compliance Planning Sessions –These sessions/meetings will support the development of strategies for handling various plans of the key processes. For example, the following are brainstorming sessions:

- Strategy meetings to support proactive education under the ***Customer Education Program***;
- Meetings with Rulings & Agreements and Examinations to identify and to determine the priority of CE&O projects (and to estimate resources necessary) as part of the CE&O Multi-year Work Plan.
- Meetings to plan strategies to address exam case quality and customer satisfaction issues.

IRC 403(b)/457 Compliance Planning Group – This group will consist of Program Analysts, Tax Law Specialists, each area's IRC 403(b)/457 Educational Coordinators (plus additional at-large agents) and other representatives (i.e., CE&O).

The group will meet at least twice a year for working sessions (5 days each session) in a central location. Additional work (minimum 40 hours) will be completed in the employees' POD. The EP Directors based on identified needs determine the group's working assignments.

For the IRC 403(b)/457 Plans Baseline/Assessment Project, there will be both a Project Coordinator and Project Facilitator.

Multiemployer Plans Compliance Planning Group – This group will consist of EP Program Analysts, Tax Law Specialists, multiemployer plans examiners (at least one from each area office) and other representatives (i.e., CE&O).

The group will meet at least twice a year for working sessions (5 days each session) in a central location. Additional work (minimum 40 hours) will be completed in the employees' POD. The EP Directors based on identified needs determine the group's working assignments.

For the Multiemployer Plans Baseline/Assessment Project, there will be both a Project Coordinator and Project Facilitator.

IRC 401(k) Plans Compliance Planning Group – This group will consist of EP Program Analysts, Tax Law Specialists, IRC 401(k) plans examiners (at least one from each area office) and other representatives (i.e., CE&O).

From the group members, a group facilitator will be selected. Group facilitator's responsibility include the scheduling of group meetings and ensuring group's discussions keep on target in timely completing assignments. The group will meet at least twice a year for working sessions (5 days each session) in a central location. Additional work (minimum 40 hours) will be completed in the employees' POD. The EP Directors based on identified needs determine the group's working assignments.

ATTACHMENT IV

Other Operational Program Guidance

Other Operational includes all technical time activities that apply to all PACs and do not involve case related activities. Other Operational includes the following activities:

- General Administration
- Other Support Activities
- Indirect/Administrative
- Management
- Training (see attachment V)
- Details
- Leave

GENERAL ADMINISTRATION

The following monitoring codes are applicable to General Administration:

Compliance Activity	Activity Code	Project Code
GAO/TIGTA/Other External Reviews Coordination	186	N/A
Business Reviews and Other Program Visits	187	N/A
Congressional/Legislative Matters	188	N/A
Satisfaction Surveys	189	N/A
Recruitment		
Recruiting	191	N/A
Recruiter Training	192	N/A

OTHER SUPPORT ACTIVITIES

The following monitoring codes are applicable to Other Support Activities:

Compliance Activity	Activity Code	Project Code
Automation Activities	152	N/A
Clerical Support	164	N/A
Clerical Support – Case Related	165	N/A
Management Support	166	N/A

INDIRECT/ADMINISTRATIVE

The following monitoring codes are applicable to Indirect/Admin Activities. Activity codes 827 and 828 are new in FY 2002.

Compliance Activity	Activity Code	Project Code
Administrative Duties	730	N/A
Non-Case Technical Duties	610	N/A
Partnering Council	828	N/A
General NTEU Activities	827	N/A

MANAGEMENT

The following monitoring codes are applicable to Management Activities. Several of these codes have been re-named from FY 2001 and new definitions have been added. Activity code 680 is new for FY 2002.

Non – Supervisory (NBU) – Staff Assistants only	640	N/A
First Level Management	618	N/A
Mid-Level Management	650	N/A
Other Management	660	N/A
Case Related Management	680	N/A

ATTACHMENT V

FY 2002 TRAINING COURSES

The following items are descriptions of the planned FY 2002 training courses:

CUSTOMER EDUCATION & OUTREACH TRAINING

Course 4311: CE&O Workshop

This training is for EP CE&O Analysts and Educational Coordinators. The purpose of the training is to learn new operating priorities, updated operating procedures, provide training on the CE&O database and on the Internal Communications systems. The course is 5 days in length and scheduled for the 1st quarter.

Course 4315 EP: CE&O Presentation Skills/Tools Workshop

This training is for all CE&O Program Analysts, and CE&O Customer Education Cadre Employees. The purpose of the training is to learn/practice effective public speaking techniques and use of tools for effective public speakers (for example, the use of PowerPoint, Multimedia Projectors, Desktop Publishing, etc.). The length of the training is 4 course days (includes training and travel time) and will be conducted in the 3rd quarter.

EP SPECIAL EMPHASIS TRAINING

Course 4209: Multiemployer Plans Workshop

This annual workshop will support the compliance activities related to multiemployer plans. Such compliance activities include examinations, determinations, educational outreach, and periodic focus group sessions. The targeted audience is all technical employees involved in compliance activities related to multiemployer plans. The length of training is 5 course days (includes training and travel time) and is scheduled for the 4th quarter.

Course 4223: IRC 403(b) Annuities Training

This training will technically and procedurally train new employees assigned to groups who will be involved in compliance activities related to IRC 403(b) annuities. The length of training is 5 course days (includes training and travel time) and is scheduled for the 1st quarter.

EPTA TRAINING

Course 4287: EPTA Team Member Training

This training will technically and procedurally train employees assigned to the EPTA pilot program on EP team audit skills and requirements. The length of the training is 10 days (includes training and travel time) and is scheduled for the 1st quarter.

Course XXXX: EPTA Case Manager Training

This training is for new case managers in the EPTA pilot program and deals with functional and technical aspects of the position. The length of the training is 5 days (includes training and travel time) and is scheduled for the 1st quarter.

Course XXXX: EPTA TEQMS/Balanced Measures

This training covers the new TEQMS/Balanced Measures standards for EP Team Audit/Large Case Exams. The training will be provided to all EPTA pilot employees. The length of the training is 5 days (includes training and travel time) and is scheduled for the 1st quarter.

Course XXXX: Access Training/Statistical Sampling/Advanced Excel

This training covers a variety of skills required of EPTA pilot employees, including Access, Stat Sampling, and Advanced Excel. The length of the training is 5 days (includes training and travel time) and is scheduled for the 2nd quarter).

EMPLOYEE PLANS REPORT GENERATION SOFTWARE (RGS) and AUTOMATION TRAINING

Course 4240: RGS 2.0 Training

This class will train EP RGS users on the new windows version of EP RGS (formerly referred to as System 5500 Workcenter). The targeted audience is all EP Examiners conducting examinations in FY 2002, EP Reviewers and EP Managers involved with cases in the EP Examination Program. The length of training is 5 course days (includes training and travel time) and is scheduled for the 4th quarter.

Course XXXX: RGS LAN for Managers and Secretaries

This class will train all EP examination managers and secretaries on the use of RGS LAN. The length of the training is 4 days (includes training and travel time) and is scheduled for the 2nd quarter.

Course XXXX: RGS LAN Train the Trainer

This class will prepare the instructors to teach the RGS LAN to managers and secretaries. The length of the training is 5 days (includes training and travel time) and is scheduled for the 2nd quarter.

NEW HIRE TRAINING

Course 4276: EP Determinations - Phase 1

This training will focus on providing determination training for new employees. The training is 4 weeks long (includes training and travel time) and will be held during the 4th quarter.

Course 4286: FAECP

This training supports the FAECP rollout of the NT laptop computers for new EP examiners. The length of the training is 5 days (includes training and travel time). It is offered as new agents are hired.

CLASSIFICATION/RESEARCH TRAINING

Course 4278: EP RICS Users Workshop

This training is conducted to update and improve the skills of experienced RICS Users. The length of the training is 5 days (includes training and travel time) and is scheduled for the 2nd quarter.

OTHER EP TRAINING

Course 4213: EP CPE

This training will be provided during the 3rd or 4th quarter of FY 2001 and will be 32 to 40 hours in length. The targeted audience is all technical employees.

Course 4293: Introduction to New IRM

This is an aid to familiarize all agents/managers with the new IRM format. Training to be provided throughout the year.

Course XXXX: Classroom Instructor Training

This training is for employees competitively selected as Classroom Instructors. The course is 2 weeks in length and is targeted for the 2nd or 3rd quarter.